

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



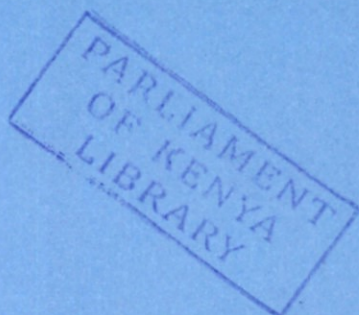
**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAYD

DATE: 28 FEB 2024

TABLED BY: Hon NAOMI WAGGAMP Deputy majority whip  
A. shibuko

CLERK AT THIS TABLE:



**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR TRADE**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

(State Department for Trade)

Annual Report and Financial Statements for the year ended 30th June 2023



**MITI**

MINISTRY OF INVESTMENTS,  
INDUSTRY AND TRADE

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 : 00100, NAIROBI  
REGISTRY

29 SEP 2023

**RECEIVED**

STATE DEPARTMENT FOR TRADE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 29 FEB 2024

Prepared in accordance with the Cash Basis of Accounting Method under the International  
Public Sector Accounting Standards (IPSAS)

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## 1. Acronyms and Glossary of Terms

AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
AIE	Authority to Incur Expenditure
BETA	Bottom-Up Economic Transformation Agenda
CET	Common External Tariff
CFO	Chief Finance Officer
CFTA	Continental Free Trade Area
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EPA	Economic Partnership Agreement
FDI	Foreign Direct Investment
FTA	Free Trade Area
HAU	Head of Accounting Unit
INEDPS	Integrated National Export Development and Promotion Strategy
IPSAS	International Public Sector Accounting Standards
KeNHA	Kenya National Highways Authority
KETRA	Kenya Trade Remedies Agency
KOMEX	Kenya Commodities Exchange
KPC	Kenya Pipeline Company
KYEOP	Kenya Youth Empowerment Opportunities Project
MTP	Medium Term Plan
MOU	Memorandum of Understanding
MSME	Medium Small and Micro Enterprise
NTBs	Non-tariff barriers
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PBB	Program Based Budgeting
PFM	Public Finance Management
SDT	State Department for Trade
SMEs	Small and Micro Enterprise
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

## **2. Key Entity Information and Management**

### **(a) Background information**

The Ministry of Investments, Trade and Industry was created through Presidential Executive Order No 1 of January 2023 Organization of the Government of the Republic of Kenya. The Executive Order also transferred the functions of Enterprise Development (Micro and Small Enterprises Authority and Kenya Institute of Business Training) to the new State Department for Medium Small and Micro Enterprise (MSMEs) under the Ministry of Cooperatives and Micro-Small and Medium Enterprises Development. The State Department for Trade and Enterprise Development was also renamed as State Department for Trade after the transfer of the Micro Small Enterprises Authority (MSEA) to the State Department of MSME. At the Cabinet level, the State Department is represented by the Cabinet Secretary Hon. Moses K. Kuria, HSC who is responsible for providing the general policy and strategic direction of the Ministry.

The Ministry is made up of three State Departments namely: The State Department for Investments, Trade and the State Department for Industry. Each of the State Department is headed by a Principal Secretary responsible for coordination of formulation and implementation of policies, programmes and projects.

The following are the Principal Secretaries in charge of the three State Departments

i	Mr. Abubakar Hassan Abubakar	- State Department for Investments
ii	Mr. Alfred Ombudo K'ombudo	- State Department for Trade
iii	Dr. Juma Mukhwana, Ph.D	- State Department for Industry

### **Vision, Mission, Core Values and Core Mandate**

The following is the Vision, Mission, Core Values and Core Mandate of the State Department for Trade.

#### **Vision**

To be a globally competitive and sustainable trade sector

#### **Mission Statement**

To facilitate domestic and external trade, private sector development and regional integration by championing an enabling environment for domestic and export trade to thrive and creating opportunities for new markets

#### **Core values**

- i Integrity
- ii Professionalism
- iii Collaboration
- iv. Citizen-Centered
- v Respect for Diversity

### **Mandate of State Department for Trade**

The Executive Order No. 1 of 2023 on Organization of the Government of the Republic of Kenya, January 2023 placed the function of trade under the State Department for Trade in the Ministry of Investments, Trade and Industry. Specifically, the functions of State Department for Trade include: Trade Policy; Export Development and Promotion; Promote E-Commerce; Trade Negotiations and Advisory Services; Champion Trade Integration in the Common Market for Eastern and Southern Africa (COMESA), Continental Free Trade Area (CFTA), Economic Partnership Agreements (EPA), African Continental Free Trade Area (AfCFTA) etc.; Liaising and coordinating with UNCTAD and WTO on Trade Matters; Enforcement of International Trade Laws, Negotiations and Agreements; Protection of Kenyan goods against Dumping and Subsidized imports and recommending of Countervailing Measures; Coordination of Multi-Agency Task Force on the Elimination of Illicit Trade and Counterfeits; Liaison with International Trade bodies for National Development; Management of Weights and Measurement in Trade; Promotion and Regulation of the Wholesale and Retail Trade; and Promotion of Fair-Trade Practices and Consumer Protection.

### **(b) Key Management**

The State Department for Trade implements its core mandate through five (5) Technical Departments and one Advisory committee, while the General Administration Directorate which provides auxiliary services to support the technical departments achievement the set objectives as spelt out in the Strategic Plan. The technical departments are coordinated by the Office of Secretary Trade while support function is coordinated by Office of Secretary Administration. The following are the directorates responsible for the implementation of the core mandate of the State Department:

- i. General Administration, Planning and Support Services;
- ii. Department of Internal Trade;
- iii. Department of External Trade;
- iv. Department of Weights and Measures;
- v. Department of Trade Policy Research and Analysis; and

### **Semi-Autonomous Government Agencies/ Institutions**

In order to deliver on its mandate, the State Department for Trade is supported by a number of Semi-Autonomous Government Agencies (SAGAs).

- i. Kenya Export Promotion and Branding Agency;(KEPROBA)
- ii. Kenya National Trading Cooperation;(KNTC)
- iii. Kenya Trade Remedies Agency;(KETRA)
- iv. Warehouse Receipt Systems Council;(WRSC)
- v. Kenya Consumers Protection Advisory Committee (KECOPAC).
- vi. Kenya Commodities Exchange (KOMEX)

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:



**Hon. Moses K. Kuria, HSC  
Cabinet Secretary, Ministry of  
Investments, Trade and Industry**

Hon. Moses K. Kuria is the Cabinet Secretary, Ministry of Investments, Trade and Industry, Government of Kenya. He is an experienced and dedicated public servant with over 30 years of experience, progressively and significantly contributing to the social, political, and economic space in Kenya. He is also a distinguished professional who has an entrepreneurial career in manufacturing, banking, and investment both in Kenya and internationally.

He has been elected and served twice as a Member of Parliament for Gatundu South, Kiambu County, Kenya, and served as a member of various committees including Budget and Appropriations, Transport, Infrastructure, Public Works and Housing as well as served as a member of the Bicameral and Bipartisan committee on electoral reforms.

Over the years, Honourable Kuria has developed a global network of relationships mostly in the Middle East as well as in Europe and China. He has spent most of his working life abroad dealing with business people at the highest level, so having a clear vision of the big picture.

He has worked as the Chief Operating Officer, WAMAD information technology and consulting group, in Saudi Arabia where he put together a portfolio of products and services and oversaw the growth of up to 50 top-notch consultants, representing major vendors from Europe, USA, and India. In his capacity, he spearheaded the set-up of a resource centre in Jordan and an international office in Dubai that led to Wamad Information Technology and Consulting Group emerge as one of the leading IT companies in the region, especially in the banking and financial services sector.

He was also involved in setting up the Saudi Arabian General Investment Authority on a consulting role. This involved the set-up of a “One-Stop” centre- a centre that offered government services such as immigration, licensing, export promotion among others to foreign investors. He assisted in creating partnership agreements with leading manufacturers and business people with the Fujairah Free Zone Authority. This helped the Authority establish investor networks in Saudi Arabia, a model that was replicated in other Gulf Countries.

Hon. Kuria has worked with Al Rajhi Bank, Saudi Arabia, one of the largest Islamic banks in the world as a Process Improvement Manager, where he spearheaded business process re-engineering at

a time the bank faced major challenges such as ageing systems that were manual, fragmented and inefficient. In this role, He managed to set up a team of qualified business analysts and set up multiple projects to focus on areas of high impact to the business leading to growth of remittances by up to 300% in 4 years.

As a result of the many improvements and solid foundations based on quality systems, people and processes that we put in, as a result, Al Rajah Bank is now the most profitable bank in Saudi Arabia and it is the second largest bank in terms of assets. It is also the leading bank in Saudi Arabia in terms of market capitalization

He has also worked as the Process Improvement Manager, at Standard Chartered Bank Africa. As head of the Process Improvement team, He was tasked with ensuring that the banks implementation of new systems, products, and services was accompanied by a high degree of efficiency and quality customer services. This He achieved through making business processes an integral part of any product designs, system implementation and even HR transformations. He also ensured that performance management methodologies and key performance indicators were rolled out throughout the bank as a basis for improving processes and customer service. The success of his team lead model initiatives especially in the banking operations areas were replicated beyond Kenya to other African countries principally Zimbabwe, Cameroon, Uganda and Tanzania.



**Mr. Alfred Ombudo K'Ombudo**  
**Principal Secretary**  
**State Department for Trade.**

Mr. Alfred K'Ombudo is a highly acclaimed and multi-award-winning advisor with a distinguished career in offering innovative solutions to complex development challenges faced by African governments. With experience spanning over 14 African countries and a remarkable track record in international organizations, he has played a pivotal role in shaping economic development, trade, and investment projects across the continent.

**Key Achievements and Roles:**

**Advisory Roles:** Alfred has provided strategic counsel and guidance to various African governments on intricate development issues, earning recognition for his expertise and impact.

**World Bank and International Finance Corporation (IFC):** His tenure at these institutions involved the design and implementation of ground-breaking projects that advanced economic development, trade, and investment in Africa.

**UNDP:** Alfred's contributions to the United Nations Development Programme further underscore his commitment to addressing critical development challenges.

**East Africa Trade & Investment Hub and International Trade Centre:** His leadership in these organizations contributed



	<p>significantly to enhancing trade and investment opportunities in the East African region and beyond.</p> <p>Notable Projects: Alfred's portfolio includes advising the Government of Mozambique during its accession to the SADC Free Trade Area, providing insights to the Nigerian Presidency on the African Peer Review Mechanism, and spearheading the development of the EAC Common Market Scorecard.</p> <p>Accolades: Mr. K'Ombudo's exceptional contributions to the field have earned him several prestigious accolades, including being named among Kenya's Top 40 Under 40, recognition as a laureate of the Choiseul 100 Economic Leaders of Africa, and recipient of the International Finance Corporation's Knowbel Award for Excellence.</p> <p>Alfred K'Ombudo's dedication to solving complex development challenges, coupled with his extensive experience and innovative thinking, has left an indelible mark on African economies and solidified his reputation as a prominent leader in the field of economic development and trade.</p>
 <p>CPA Dr. Bruno Linyiru, OGW Secretary Trade</p>	<p>Dr. Bruno Linyiru, CPA, OGW, is an accomplished and visionary leader in the field of finance and enterprise with a distinguished career spanning over 25 years. He currently serves as the Secretary of Trade within the State Department for Trade,</p> <p><b>Educational Background:</b></p> <p>Dr. Linyiru possesses an impressive educational background, including a Doctor of Philosophy (PhD) in Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He also holds a Master of Business Administration (MBA) with a specialization in Finance, as well as a Bachelor of Commerce with an Accounting option, both from the University of Nairobi. In addition to his academic achievements, he is a Certified Public Accountant (CPA) and has received specialized training in various courses related to the World Trade Organization (WTO).</p> <p><b>Professional Experience:</b> Dr. Bruno Linyiru's extensive professional experience is marked by a successful track record in both strategic and operational roles within both Central government and State Enterprises. His expertise in finance, entrepreneurship, and trade has made him a valuable asset to the Ministry of Investments, Trade, and Industry.</p> <p>Throughout his career, Dr. Linyiru has served as a board member in various State Corporations and Ministerial Committees. His strategic thinking, financial acumen, and comprehensive understanding of trade policies have contributed significantly to the</p>

development and implementation of trade-related initiatives that benefit the nation's economy.



**Mr. Evans Achoki**  
**Secretary of Administration**

Mr. Evans Achoki is a highly experienced and dedicated professional who has served in various capacities within the public sector for over three decades. He currently holds the position of Secretary of Administration at the State Department for Trade, where he plays a critical role in ensuring the efficient and effective functioning of the department.

**Educational Background**

He is a holder of a Master of Business Administration (MBA) in Strategic Management, Bachelor of Arts (BA) in Government from University of Nairobi.

**Professional Experience:**

With an impressive 33 years of service in the public sector, He has accumulated a wealth of knowledge and expertise in Government administration and management.



**Dr Fred Masibo Simiyu**  
**Director Research and Trade Policy**  
**Analysis**

Dr. Fred Masibo Simiyu is the Director of, the Research and Trade Policy Analysis Directorate under the State Department of Trade.

He has a Ph.D. degree in Entrepreneurship from Jomo Kenyatta University, an MSC degree in Entrepreneurship from Moi University, and a BSC degree in Chemistry from Kenyatta University

He has attended several management courses locally and internationally such as the Strategic Leadership Development programme from Kenya School of Government, Business Development Services from Jomo Kenyatta University, Machinery, and Electronic Industry for Developing Countries from the Institute of International Business Relations, Beijing, China alongside other courses. He has experience in financial and project management attained in both National and County Governments with 30 years of service/experience.



**CPA Tom M. Odundo**  
**Deputy Accountant General**  
**Head, Accounts Unit**

CPA Tom M. Odundo a Deputy Accountant General is currently the Head of Accounts Unit, State Department for Trade

He holds a Master's Degree in Business Administration from The University of Nairobi and a Bachelor's Degree in Commerce from the Catholic university of Eastern Africa.

CPA Odundo is a member of Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Certified Investment and Financial Analysts Kenya (ICIFA) in good standing. He has vast experience in accounting in the civil service for over 25 years.



**CPA. Nicholas Kamau**  
**Head of Finance Department**

CPA Nicholas Kamau is an accomplished professional serving as the Head of the Finance Department within the State Department for Trade.

Education: He is holding a Master of Science Degree in Finance and Investment and Bachelor of Commerce degree both from KCA University

Professional Membership:

He is a distinguished Member of the Institute of Certified Public Accountants of Kenya (ICPAK), maintaining an impeccable standing within the institute.

Extensive Experience:

He has over 23 years of dedicated service in the Civil Service,



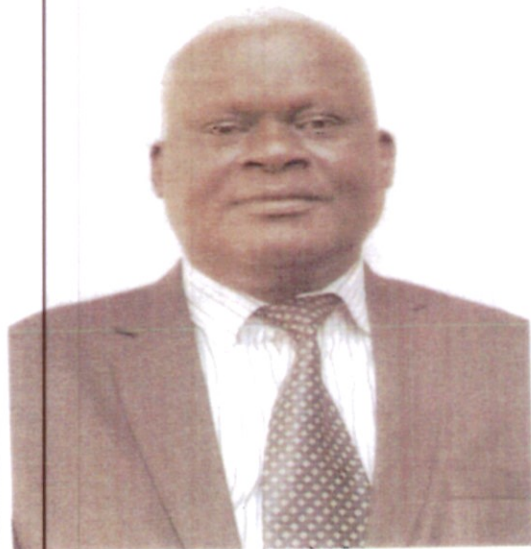
**Mr. Kennedy O. Nyokwoyo**  
**Ag. Director Internal Trade**

Mr. Kennedy O. Nyokwoyo is the Acting Director Internal Trade, State Department for Trade, Ministry of Investments, Trade and Industry.

He holds a Master's Degree in Business Administration (Strategic Leadership and Management), from St. Paul's University and a Bachelor's Degree in Commerce, from the University of Nairobi.

Mr. Nyokwoyo joined the service as a lecturer at the Kenya Institute of Business Training in the then Ministry of Commerce in 1992

He has a wealth of experience on trade development as well as on trade policy formulation, implementation and review.



**Mr. Oliver Otieno Konje**  
**Director External Trade**

Mr. Oliver Otieno Konje is the Director External Trade in the State Department for Trade, Ministry of Investments, Trade, and Industry.

He holds a Bachelor's Degree in Commerce from the University of Nairobi and a Master's Degree in Supply Chain Management from JKUAT.

Mr. Konje has a wealth of experience in international trade,

As Director External Trade, he manages Kenya's external trade relations and is instrumental in trade negotiations and strategy development. His expertise and contributions are vital to Kenya's global trade endeavours.



**Mr. John Mwaura**  
**Ag. Director: Weights and Measures**

Mr. John Mwaura is the Director of Weights and Measures.

He is a holder of Master of Business Administration in Strategic Management from Kenya Methodist University, Bachelor of Information Technology from Kenyatta University, postgraduate diploma in guidance and psychological counselling from the Presbyterian University of East Africa and certification in Trade Standards Administration

He is a member of Institute of Trade Standards Administration,



**Mr. Lucas O. Otieno**  
**Senior Assistant Internal General**  
**Head, Internal Audit Unit**

Mr. Lucas O. Otieno a Senior Assistant Internal Auditor General is currently the Head of Internal Audit Unit, State Department for Trade.

He holds a Master's Degree in Business Administration (Accounts) from the Maseno University and a Bachelor's Degree in Business Administration (Finance) from the Kenya Methodist University.

He is a member of Institute of Internal Auditors - Kenya (IIA) and in good standing. He has vast experience in Auditing in the Public Sector for over 20 years.



**Mr. Kipyegon Philip Barchok**  
Deputy Director of HRM & D

Mr. Kipyegon Philip Barchok is an accomplished professional currently serving as the Deputy Director of HRM & D and Head of the Human Resource Department within the State Department of Trade.

Education: Mr. Barchok holds a distinguished academic background, with a Master's Degree in Planning and Management earned from the esteemed University of Mysore.

Professional Membership: He is an active member of the Institute of Human Resource Management (IHRM),

He has an extensive Experience of 23 years in public service.



**Leonard Kwinga**  
Director Planning,  
Central Planning and Project  
Monitoring Department (CPPMD)

Mr. Leonard Kwinga was the Director of Planning, State Department for Trade under the review period.

He holds a Master's Degree in Development Management from the Ruhr University, Germany and a Bachelor of Science Degree from the University of Nairobi.

Mr. Kwinga has over 15 years of experience in the civil service, and is a full member of the Economists Society of Kenya. He is also a Certified Public Accountant (CPA-K).



**Robert Kungu**  
**Head, Legal Services**

Robert currently serves as a Chief State Counsel whose responsibility is provision of legal advice to the State Department.

Holds a Bachelors of laws Degree and MA in International Studies.

Robert is an advocate for the High Court of Kenya and a member of the Law Society of Kenya.

(d) **Fiduciary Oversight Arrangements**

i. **Audit and finance committee activities**

The Audit and Finance Committees form a key element in the governance process by providing an independent expert assessment of the activities of top management, the quality of the risk management, financial reporting, financial management and internal audit.

ii. **Public Finance Management Committee-**

The State Department for Trade Public Finance Management Committee is responsible for overseeing the financial management and budgetary processes related to the Trade sector. Their primary goal is to ensure transparency, accountability, and responsible use of public funds within the State Department.

**Key responsibilities include:**

- **Budgetary Control:** The committee is responsible for reviewing and approving the State Department's budget proposal, ensuring that it aligns with the government's overall financial priorities and objectives.
- **Financial Reporting and Auditing:** Regular financial reporting is crucial for transparency and accountability. The committee receives periodic financial reports detailing the State Department's income, expenses, and budgetary performance. Additionally, an independent audit of financial records is done regularly to ensure compliance with financial regulations and identify any irregularities.
- **Internal Controls:** The committee performs internal controls to prevent financial mismanagement and fraud.
- **Risk Management:** The committee assesses and manages financial risks associated with SDT' activities. This involves identifying potential risks, developing risk mitigation strategies, and monitoring their effectiveness.
- **Compliance and Legal Obligations:** It ensures compliance with relevant financial laws, regulations, and policies as a key responsibility. The committee ensures cognizance with any legal obligations and work to avoid violations.
- **Conflict of Interest Management:** Committee members should act with impartiality and integrity. Effective conflict of interest policies should be in place to prevent any personal or financial interests that could influence decision-making.
- **Ethics and Code of Conduct:** Establishing and upholding ethical standards and a code of conduct for all staff involved in financial management is crucial. This helps maintain professionalism, honesty, and integrity within the State Department.



- Capacity Building: The committee works on improving the financial literacy and capacity of staff involved in financial management. This can involve and not limited to training programs and workshops to enhance financial skills and knowledge.
- Public Accountability: The committee engages with the public and stakeholders, providing information about financial management practices and performance in the Spirit of Transparency, open communication, building trust and public confidence.

iii Senior Management Committee

The State Department for Trade Senior Management Committee is responsible for providing strategic leadership, decision-making, and operational guidance within the State Department. Fiduciary oversight arrangements are put in place to ensure prudent financial management, transparency, and accountability in handling the State Department's resources.

iv. **Other oversight activities**

These include;

1. **External Audits:** The State Department for Trade will undergo external audits conducted by independent audit firms or Government auditors. These audits assess the financial statements, internal controls, and compliance with financial regulations. The findings and recommendations from external audits help identify areas for improvement and ensure transparency and accountability.
2. **Parliamentary Oversight:** The Parliament exercises oversight over Government institutions, including the State Department for Trade. This includes scrutinizing the State Department's budget proposals, financial performance, and adherence to financial laws and regulations. Parliamentary committees conduct hearings and inquiries to assess the financial management practices.
3. **Office of the Auditor General (OAG):** The OAG is an independent constitutional body responsible for auditing and reporting on the use of public resources. The OAG will audit Government institutions, including the State Department for Trade, to ensure financial probity, transparency, and adherence to financial regulations.
4. **Public Financial Management (PFM) Reforms:** The State Department for Trade will participate in Government-wide PFM reforms to improve financial management practices. These reforms aim to enhance budgetary processes, financial reporting, internal controls, and overall financial governance.
5. **Financial Reporting to Treasury:** The State Department is required to submit periodic financial reports to the National Treasury, detailing its financial performance, budget utilization, and adherence to fiscal policies. This reporting helps central authorities monitor and evaluate the financial management of the State Department.
6. **Internal Audit Unit:** The State Department has its own internal Audit Unit responsible for conducting regular audits of financial processes and controls. Internal audits help identify weaknesses and suggest improvements to enhance financial management.
7. **Financial Performance Evaluation:** The State Department for Trade evaluates the financial performance of its various programs and projects. This evaluation helps determine whether allocated funds were utilized effectively and whether the intended outcomes were achieved.
8. **Capacity Building and Training:** Capacity-building programs are necessary to enhance the financial literacy and skills of its staff involved in financial management. This ensures that employees have the knowledge and tools to handle financial responsibilities effectively.

**(e) Entity Headquarters**

P.O.BOX 30430-00100  
Teleposta Towers  
Kenyatta Avenue  
Nairobi, KENYA

**State Department Contacts**

Telephone: (254) 020-315001/2-4  
E-mail : [ps@trade.go.ke](mailto:ps@trade.go.ke)  
Website: [www.trade.go.ke](http://www.trade.go.ke)

**(f) Entity Banker(s)**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
NAIROBI, KENYA

**(g) Independent Auditors**

Auditor - General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
NAIROBI, KENYA

**(h) Principal Legal Adviser**

The Attorney General  
State Law Office & Department for Justice.  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

### **3. Statement of Governance**

#### **1. Key Leadership Structure:**

- i. **Cabinet Secretary (CS) for Trade:** The CS is the head of the Ministry for Investments, Trade and Industry and is responsible for setting policies and overall direction.
  - ii. **Principal Secretary (PS) for Trade:** The PS is the administrative head/accounting officer and oversees the day-to-day operations of the State Department for Trade.
  - iii. **Commissions:** If there are any commissions or regulatory bodies under the State Department for Trade, they would have their own leadership structure, including a chairperson and other Commissioners.
  - iv. **Accounting Officer for Commissions:** This is the individual responsible for financial management and accountability within the commissions.
2. **Management Committees:** The State Department for Trade is mandated to establish various management committees to handle specific aspects of its functions. The committees include procurement committees, policy development committees, and others to handle specific operational areas.
  3. **Audit Committee:** The Audit committee is responsible for ensuring the State Department's financial integrity and compliance with audit and financial reporting requirements. Its formation, composition, and activities/meetings would be in accordance with relevant laws and regulations governing audit committees in government entities.
  4. **Risk Management, Compliance, Conflict of Interest, etc.:** The State Department for Trade has risk management policies and compliance procedures in place to mitigate potential risks and ensure adherence to regulations. There may also be guidelines to address conflicts of interest among staff and stakeholders.
  5. **Recent Training and Development in Governance:** The State Department for Trade may have implemented training programs and workshops to enhance the governance knowledge and skills of its key leadership. These programs could cover topics related to ethics, transparency, public accountability, and leadership.
  6. **Public Participation Activities:** The State Department for Trade conducts public participation activities to engage with stakeholders, businesses, and the general public in policy formulation and decision-making processes related to trade.
  7. **Compliance with Laws and Regulations:** The State Department is required to comply with relevant laws, regulations, and government policies in its operations, including financial management, procurement, and reporting.

#### 4. Statement by the Cabinet Secretary



It is with great pleasure that I present to you the Annual Report and Financial Statements of the State Department for Trade for the financial year ended June 30<sup>th</sup> June 2023. This report marks a pivotal moment in our journey as we reflect on the achievements and challenges that have shaped the trade sector's landscape during this transformative period.

The financial year 2022-2023 has been a momentous chapter in Kenya's trade sector, characterized by notable achievements that have propelled our nation towards economic prosperity and global recognition. I am delighted to share some of our key milestones:

Our commitment to export diversification has yielded significant results. By investing in non-traditional sectors and products, we have expanded our export portfolio and reduced overreliance on specific commodities, thus ensuring economic resilience and long-term sustainability.

Trade partnerships have been instrumental in our growth trajectory. Through strategic collaborations with international partners, we have enhanced market access for Kenyan goods and services, creating new avenues for growth and strengthening our position in the global trade arena.

The empowerment of SMEs and women entrepreneurs through AGPO (which delves on empowering youth, women and persons with disabilities) has been at the core of our agenda. By providing targeted support and fostering an enabling business environment, we have witnessed the emergence of dynamic and competitive enterprises, driving job creation and inclusive economic growth.

Digital transformation has been a driving force in reshaping our trade landscape. Embracing technology, we have modernized trade processes, reduced bureaucratic bottlenecks, and bolstered efficiency, positioning Kenya as a leader in digital trade facilitation.

Throughout this eventful year, we have also encountered challenges that have tested our resilience and adaptability. These challenges include:

External economic shocks and geopolitical uncertainties have presented hurdles in our trade endeavours. Nevertheless, our proactive approach to managing these challenges has enabled us to navigate through turbulent waters while safeguarding our trade interests.

Inadequate funding of the State Department's operations resulted in delays and non-completion of planned programs and projects. The accumulation of pending bills and cost overruns affected the timely implementation of trade-related initiatives.

Infrastructure constraints, particularly in transportation and logistics, have hindered our efforts to fully capitalize on trade opportunities. We acknowledge the importance of addressing these gaps to optimize our trade potential and attract more investments.

As we move forward, we are excited about the possibilities that lie ahead in the financial year 2023-2024.

Aligned with the Bottom-Up approach, we have identified priority value chains that will receive focused attention to drive economic growth and job creation. These value chains encompass sectors such as agribusiness, manufacturing, renewable energy, tourism, and technology, among others. Our strategies will centre on empowering local producers, creating linkages along these value chains, and fostering an ecosystem of innovation and entrepreneurship. Further, to succeed in the Bottom-Up Economic Transformation Agenda (BETA) which is geared towards economic turnaround and inclusive growth, the Ministry of Investments, Trade and Industry will continue to create a conducive business environment by implementing business-friendly policies and initiatives.

Enhancing trade infrastructure will be a crucial aspect of our agenda, as we invest in modernizing transportation networks, ports, and logistics hubs, thereby strengthening our competitiveness and attracting more investments.

Furthermore, we are committed to empowering SMEs and cooperatives, providing them with access to finance, technology, and markets, as they form the backbone of our economy and play a pivotal role in realizing inclusive growth.

As we embark on this new chapter, I extend my heartfelt appreciation to our dedicated team, esteemed partners, and citizens for their unwavering support and collaboration. Together, we have laid the foundation for a trade sector that fosters prosperity, innovation, and social inclusion for all Kenyans. I encourage each one of you to peruse this report, acknowledging the progress we have made and recognizing the challenges that beckon us to overcome. Your valuable feedback and engagement are vital as we collectively shape a brighter and more prosperous future for our great nation.

Thank you for your continued trust and partnership on this journey of transformation.

Sincerely



.....  
Hon. Moses K. Kuria, HSC  
Cabinet Secretary  
Ministry of Investments, Trade and Industry

## 5. Statement by the Principal Secretary / Accounting Officer



I am pleased to present the Annual Financial Report for the State Department for Trade for the fiscal year 2022-2023. During this period, the State Department demonstrated its commitment to promoting sustainable trade practices and fostering economic growth in Kenya. Our efforts were aligned with the Bottom-Up Economic Transformation Agenda, with a focus on priority value chains, to drive inclusive development and prosperity for all.

### **Key Achievements:**

The State Department for Trade accomplished significant milestones in various areas. Notably, domestic trade continued to advance, with the contribution of retail and wholesale trade to GDP increasing during the year.

Our commitment to promoting local content was evident in the development of sectoral guidelines and supporting government entities in purchasing locally manufactured goods, amounting to Kshs.73 billion worth of goods during the review period. We also made progress with the Draft Trade Bill, paving the way for future policy advancements.

In Fair Trade and Consumer Protection, we enhanced trade remedies awareness and verified weighing and measuring equipment at strategic installations. The Kenya Trade Remedies Agency (KETRA) developed investigative manuals, and a Trade Remedies Database was established to bolster fair trade practices.

Regarding Regional Economic Integration Initiatives, we initiated the capitalization exercise for KOMEX Limited, securing commitments from potential investors. We also facilitated the development and processing of Commodities Market Regulations and Warehouse Receipt Regulations, aiming to enhance regional trade.

In International Trade, we have made significant advances towards operationalizing the State Department's contribution to advancing trade in priority value chains, several of which are set to contribute to our export performance. This includes developing route to market strategies for key commodities, and developing partnerships with the private sector to address business environment challenges. We have also conducted nine trade promotion events in various countries, leading to

increased exports to Africa and the EAC. Furthermore, 42 new Kenyan export product lines were developed and 934 Kenyan products branded under the National Branding program, promoting Kenya's image globally.

The State Department has also provided significant additional market access opportunities for our exporting private sector, through concluding negotiations of the European Union – Kenya Economic Partnership Agreement, which is set to provide duty-free, quota free access for Kenya to a 27 nation, \$17 trillion economy. Further, trade negotiations are advancing with various other economies such as United States of America and the United Arab Emirates.

Lastly, our General Administration, Planning, and Support efforts included developing the Trade Sector Plan and implementing the Service Delivery Charter. Monitoring and Evaluation activities ensured accountability and timely reporting.

**Emerging Issues:**

The effect of COVID-19 pandemic on trade operations, and technological advancements brought challenges of increased cyber threats. Social and digital media platforms played an essential role in communication, while geopolitical shifts impacted global trade.

Russia/Ukraine crisis: the onset of the Russia Ukraine Crisis caused prices of critical commodities, like fuel and fertilizers to skyrocket.

**Key Risk Management Strategies:**

To navigate these challenges, we have adopted a range of risk management strategies, such as comprehensive risk assessments, diversification of trade partners, and investing in cybersecurity measures. Our focus on continuous capacity building and diplomatic engagement with trade partners enhances resilience.

**Recommended Way Forward:**

We acknowledge the challenges posed by limited funding, capacity gaps, and bureaucratic hurdles. To overcome these, we will explore alternative funding sources and prioritize high-impact programs. Building expertise, stakeholder engagement, policy streamlining, and robust monitoring and evaluation mechanisms will enhance program effectiveness and sustainability.

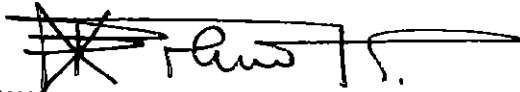
I extend my appreciation to the dedicated staff and stakeholders whose unwavering support and commitment have contributed to our achievements. I remain confident that our collaborative efforts will continue to drive Kenya's trade sector forward, creating a vibrant and inclusive economy for the benefit of all citizens.



*(State Department for Trade)*

*Annual Report and Financial Statements for the year ended 30th June 2023*

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.....  
**Mr. Alfred Ombudo K'Ombudo**  
Principal Secretary / Accounting Officer  
State Department for Trade  
Ministry of Investments, Trade and Industry

## 6. Statement of Performance Against Predetermined Objectives for the FY2022/23

### Introduction

In order to achieve the desired results, this document sequences and links the Integrated National Export Development and Promotion Strategy (INEDPS), the National AGOA Strategy, National Trade Policy and Strategic Plans of the Agencies into four Key Result Areas namely: Facilitate the growth in value of exports by 25% annually; Facilitate the growth in value of domestic trade value by 20% by 2022; Effective Leadership and Good Governance and strengthen institutional capacity for service delivery. The Cabinet Secretary ensures that the Government set priorities and objectives are met through implementation of the Strategic Plan 2018-2022 which is aligned to the Medium-Term Plan of the Kenya Vision 2030 and Sectorial policy documents.

The Policy documents that guide the State Department in implementation of its core mandate include the following: National Trade Policy, Integrated National Exports Development and Promotion Strategy (INEDPS), Trade Facilitation Policy, Bilateral and Multilateral Trade Agreements, Fourth Medium Term Plan (MTP), Bottom-Up Economic Transformation Agenda, Kenya Vision 2030 and Sustainable Development Goals among others over the next 5 years.

### Progress on the attainment of Strategic Objectives through Performance Contracting:

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

MDA Program	Objective	Outcome	Indicator	Performance	Remarks
Domestic Trade Development	To maintain and or upgrade the Kenya Trade Portal	Kenya Trade Portal Governance and Management Framework	No. of maintenance or upgrading carried out	0	No funding
	To develop and maintain a Data management and depository system	Data management and depository	No. of reports	0	No funds to implement
	To increase the value of wholesale and retail Trade	Increased Contribution of retail and wholesale trade to GDP	Value of wholesale and retail trade.	1042	Target achieved
	To finalize the development of	Kenya Trade Development Bill	% finalization of the Kenya Trade Development Bill	10%	No funding for

MDA Program	Objective	Outcome	Indicator	Performance	Remarks
	the Kenya Trade Bill				stakeholders ' validation
	To complete the development of WRS	Operational Warehouse Receipt System Services	% Completion of System development (Planning, design, development, testing and implementation)	0	No funding for stakeholders ' validation Lack of funds due to budget cut in FY 2022/23
	To sensitize and Train counties on the WRS		No. of counties sensitized and trained on WRS.	0	supplementa ry and delays in disbursemen t of development grants
	To certify warehouses		No. of Certified Warehouses Annually	0	
	To Train WRS, users on warehouse receipt financing		No. of depositors trained on warehouse receipt financing	0	
	To purchase and redistribute local rice	Improved productivity and marketing for rice cooperatives	No. of metric tons of rice procured and distributed locally	4542	Locally produced rice from Mwea and Ahero was procured and distributed to both Government and private institutions. Farmers Cooperatives received Ksh.314 million for the procured rice.
	To reduce the percentage of post-harvest losses	Reduced in post-harvest losses	% reduction of post-harvest losses	40	The prolonged drought resulted to high demand for rice thus a decline in post-harvest losses

MDA Program	Objective	Outcome	Indicator	Performance	Remarks
	To upgrade and modernize warehouses in the Target value chains	Upgraded and modernized warehouses	No of warehouses upgraded and modernized	0	Contract awarded for Karatina warehouse and works in progress
	To fully operationalize KOMEX	Operationalization of KOMEX and Warehousing Receipting System	% of operationalization of KOMEX	85%	Draft Strategic plan developed. Rule book reviewed with inputs from sector players. Engagements on technology with NSE in an advanced stage.
<b>Fair Trade and Consumer Protection</b>	To develop the Trade remedies database	Trade remedies Database	Trade remedies database developed	1	Training on updating of the Website/Uploading of Documents on Website and social media presence carried out
	To capacity build manufacturers and producer groups on Trade remedies	Manufacturers and producer groups capacity built	No. of manufacturers and producer groups capacity built on trade remedies	0	Late disbursement of Funds
	To develop policies, manuals and procedures	Finalized Investigations, manuals, policies and procedures	No. of manuals, policies and procedures developed	4	Target achieved
	To calibrate county standards	Compliance and Standards enhanced	No. of County Standards calibrated	0	The laboratory yet to be

MDA Program	Objective	Outcome	Indicator	Performance	Remarks
					operationalized after the AC system broke down both in the mass and volume labs. The secondary reference automatic pipette is still out of use.
	To verify weighing and measuring equipment at strategic national installations	Compliance and Standards enhanced	No. of weighing and measuring equipment verified at strategic national installations	115	Static KeNHA Weighbridges 17 done in the Q4 Virtual weighbridges 7 done in Q4 KPC Meters not verified in the year
	To refurbish electricity and water meter laboratories	Modernized Laboratories	No of electricity and water meter laboratories refurbished	0	Process stalled due to budgetary cuts
	To install type approval and initial verification standard benches	Modernized Laboratories	No. of water meter type approval and initial verification benches and standards installed	0	Process stalled due to budget cuts
	To Install field electricity and water verification kits	Modernized Laboratories	No. of field electricity and water meter verification kits installed	0	Process stalled due to budget cuts
	Develop legal metrology regulations	Enhanced Regulatory and Legal Framework for fair trade	Legal Metrology Regulations developed	0	Process yet to start due to lack of funds

MDA Program	Objective	Outcome	Indicator	Performance	Remarks
	To enact the legal metrology bill and Trade descriptions Bill	Enhanced Regulatory and Legal Framework for fair trade	Legal Metrology-Bill and Trade Descriptions Bill enacted	0	Process still on-going, the two Bills at the PS office
	To operationalize KETRA.	Local manufacturers protected against dumping of cheap goods.	% operationalization of KETRA	Kenya Trade Remedy Agency is 25% operational. The KETRA Board was gazetted Human Resource instruments for Kenya Trade Remedies Agency (KETRA) developed.	Insufficient funds to carry out sensitizations
	Implement/develop regulations on the Consumer Protection Act 2012	Consumer Protection enhanced	No. of regulations to operationalize Consumer Protection Act 2012	0	amending of the Consumer Protection Act (CPA)
	To sensitize traders/manufacturers on consumer protection	Consumer Protection enhanced	No. of traders/manufacturers sensitized on consumer protection	0	Insufficient funds to carry out sensitizations
	To amend the consumer Protection Act 2012	Consumer Protection enhanced	Consumer Protection Act 2012 amended	0	Lack of funds
<b>Regional Economic Integration Initiatives</b>	To initiate capitalization of KOMEX.	Improve efficiency in the supply chain by providing structured trading for commodities	Amount of capital committed by investors to the Exchange.	90% The capitalization exercise was initiated to attract investment for KOMEX Limited. A	Under-achievement due to slow capitalization process

MDA Program	Objective	Outcome	Indicator	Performance	Remarks
				few potential investors have committed to invest a total of Kshs.600 Million.	
	To develop Bills and Regulations for operationalization of KOMEX	Regulatory framework for establishment and operationalization of Commodities Exchanges developed	No. of Bills and Regulations enacted/gazetted	WRS regulations finalized, Commodity Market Regulations 2020 gazetted and WRS Act 2019 enacted.	Under-achievement due to insufficient funds
<b>International Trade</b>	To reduce Non-Tariff Barriers (NTBs) facing Kenyan products in EAC, COMESA, AfCTA	Increased trade volumes with our trading partners.	No. of NTBs resolved to create market access	16	Over achievement is as a result of NTBs held virtually
	To enhance commercial representation in targeted countries	Market access and exports diversified	No. of commercial offices established in targeted countries to diversify and increase market access	3	Target achieved
	Review and harmonize EAC-CET tariffs	Market access and exports diversified	No. of EAC - CET reviewed/harmonized to create predictability on tariffs	0	Under-achievement due to recent revision of EAC-CET, in February 2022, which created 4 bandings.
	To increase value of exports to EAC	Value of Kenyan Exports grown	Total value of exports to EAC (Ksh. Billion)	226	-
	To increase the value of Kenyan	Value of Kenyan Exports grown	Total value of exports to the rest	357	-

MDA Program	Objective	Outcome	Indicator	Performance	Remarks
	exports to rest of Africa		of Africa (Ksh. Billion)		
	To coordinate international Trade fairs and Exhibitions	Value of Kenyan Exports grown	No. of International Trade Fairs and Exhibitions coordinated	0	Under-achievement due to insufficient funds
	Sensitize Stakeholders on Trade and investment opportunities	growth of Foreign Direct Investment (FDI)	No. of targeted stakeholders sensitized on trade and investment opportunities arising from negotiated trade agreements (RECs, FTAs, MOUs, AGOA)	0	Under-achievement due to insufficient funds
	To spur Increase in value of FDI through inbound and outbound business engagements	growth of Foreign Direct Investment (FDI)	Increase in value of FDI through inbound and outbound business engagements (Ksh. Billions)	(95.8)	Preference for portfolio equity in developed Economies where markets offered higher yields (e.g UK,US)
<b>Entrepreneurship and Management Training.</b>	To Enhance MSEs productivity	Enhanced MSEs performance.	No. of partnerships on KAIZEN Concept.	6 partnerships on KAIZEN Concept realized.	Target achieved
	To establish EMPRETEC Centre.	Centre Established and furnished.	Percentage establishment.	KIBT staffs were sensitized but none has been certified.	Under-achievement due to budget constraints
<b>General Administration, Planning and Support.</b>	To develop a new service charter.	Timely and efficient service delivery.	Percentage of completion.	Service Delivery Charter reviewed and published	Service Delivery Charter in place
	To coordinate preparation of National Values and Principles of Governance	Adherence to National Values and Principles of Governance.	No. of reports.	National Cohesion and Values commitments implemented.	Report prepared



MDA Program	Objective	Outcome	Indicator	Performance	Remarks
	Report for the SDT.			National Cohesion and Values Report developed and submitted to the Directorate of National Cohesion and Values.	
	To carry out Monitoring and Evaluation of projects and Programme.	Timely implementation and reporting of projects and Programme.	No. of M&E Reports.	M&E carried out and 4 quarterly, 1 mid-year and 1 annual reports developed.	M&E carried out
	To prepare Programme Based Budget (PBB).	Enhanced resource allocation.	No. of Program Based Budget (PBB) Reports.	1 Program Based Budget (PBB) Report developed.	PBB Report Developed
	To prepare Annual Procurement Plan.	Timely and efficient procurement of goods and services for all departments and divisions.	No. of Procurement Plans Prepared and signed.	1 Procurement Plan developed and signed.	Procurement Plan developed
	To coordinate Staff performance appraisal system.	Improved performance.	No. of reports to the PSC (K).	Staff appraisal currently ongoing and the report will be submitted to PSC once complete.	Staff appraisal currently ongoing
	To facilitate provision of Financial Support Services.	Budget Management, Compliance and Accountability, Efficiency and effectiveness	Level of provision of financial services facilitation to trade programme/ Projects	100%	Target achieved

## 7. Management Discussion and Analysis

The State Department for Trade draws its mandate from the Executive Order No. 1 of 2023 on Organization of the Government of the Republic of Kenya.

The State Department is mandated to execute the following functions:

- i. Trade Policy;
- ii. Export Development and Promotion;
- iii. Promote E-Commerce;
- iv. Trade Negotiations and Advisory Services;
- v. Champion Trade Integration in the COMESA, CFTA, EPA, AfCFTA e.t.c
- vi. Liaising and Coordinating with UNCTAD and WTO on Trade Matters;
- vii. Enforcement of International Trade Laws, Negotiations and Agreements;
- viii. Protection of Kenyan Goods against Dumping and Subsidized imports and recommend  
Countervailing Measures;
- ix. Co-ordination of Multi-Agency Task Force on the Elimination of Illicit Trade and Counterfeits;
- x. Liaison with International Trade bodies for National Development;
- xi. Management of Weights and Measurements in Trade;
- xii. Promotion and Regulation of the Wholesale and Retail Trade; and
- xvi. Promotion of Fair-Trade Practices and Consumer Protection.

The State Department is charged with the responsibility of development and promotion of both domestic and international trade.

During Financial Years FY 2020/21-FY 2022/23, the State Department achieved the following: increase in the value of whole sale and retail trade by 12.1% from Ksh.727.6 billion in 2020 to Ksh. 815.9 billion in 2022; increase in the value of Kenya's exports by 35.6% from Ksh. 643.7 billion in 2020 to Ksh. 873.1 billion in 2022; branding of 1,088 products with the mark of identity to demonstrate originality and creating visibility of Kenya as the source of high-quality products; initiation of operationalization of the Kenya Trade Portal and the Kenya Trade Remedies Agency (KETRA); establishment of a Legal and Regulatory Framework for KOMEX Ecosystem; operationalization of one hundred and seventy eight (178) Constituency Industrial Development Centres (CIDCs); capacity building and business counselling of 3,920 Micro, Small and Medium Enterprises (MSMEs); and calibration of the rail tankers from Kenya Railway totaling to 121 which are used to transport bulk fuel products between Kenya and Uganda. Further, in the fight against counterfeiting, goods worth Ksh. 627.9 million were seized and 979 cases resolved through either prosecution or out of court settlement. Furthermore, 74,971 youths were issued with grants amounting to Kshs 2.9 billion grants through the Kenya Youth Employment and opportunities project. The project has so far contributed 164,083 jobs.

The approved budgetary allocation to the State Department increased from **KSh. 3,421.40 million** in FY2020/21 to **KSh. 4,907.65 million** in FY2021/22 and declined in FY2022/23 to **KSh. 4,217.80 million**. On the other hand, the actual expenditure by the the State Department increased from **KSh. 3,346.33 million** in FY2020/21 to **KSh. 4,436.59 million** in FY2021/22 and declined in FY2022/23 to **KSh. 3,736.69 million**. The absorption rates over the review period were **97.81%**, **90.40%** and **88.59%** for FY2020/21, FY2021/22 and FY2022/23 respectively.

- **Entity's key projects or investments decision implemented or ongoing indicating source of funds, project status, project costs and amount spent this far.**

In the last three years, the State Department implemented four (4) Programmes and nine (9) Sub-Programmes to achieve its planned activities and projects. During the review period, the State Department implemented. Over the period under review the Sub sector undertook nine (9) capital projects. The analysis of performance of capital projects over the period under review is as provided in Annex 1.

- **Future developments and any other information considered relevant to the users of the financial statements.)**

The State department will continue to undertake its mandate and its planned activities. The State Department will primarily channel its resources in implementation of the Bottom -up Economic Transformation Agenda (BETA) value chain addition process,

## 8. Environmental and Sustainability Reporting

### a) Sustainability strategy and profile

1. **Sustainable Efforts:** The State Department for Trade has recognized the importance of sustainability in its operations and policies. Sustainable efforts include:
  - Integration of environmental, social, and economic considerations in trade policies and practices to promote sustainable trade practices.
  - Encouraging the adoption of green and eco-friendly practices in domestic trade and enterprise development to reduce environmental impact.
  - Ensuring fair trade practices and compliance with international standards to promote consumer protection and fair treatment of stakeholders.
  - Promoting responsible and sustainable sourcing of raw materials and products to support environmentally and socially responsible supply chains.
2. **Broad Trends in Political and Macroeconomic Factors Affecting Sustainability Priorities:** The State Department for Trade is influenced by various political and macroeconomic factors, including:
  - Government policies and priorities that align with sustainable development goals and green economic initiatives.
  - International trade agreements and regional economic partnerships that drive the focus on sustainable trade practices.
  - Economic fluctuations and external market dynamics impacting trade performance and sustainable trade diversification.
  - Political stability and governance structures that enable the implementation of sustainable trade policies and programs.
3. **Reference to International Best Practices:** The State Department for Trade has benchmarked itself against international best practices in promoting sustainability. It has looked at successful models from other countries that have integrated sustainability into their trade agendas. Key areas include:
  - Sustainability certification and labeling schemes for products to promote eco-conscious consumer choices.
  - Green financing mechanisms to support sustainable trade initiatives and investments.
  - Sustainable supply chain management practices to ensure environmental and social responsibility throughout the value chain.
4. **Key Achievements and Failures:**
  - Successful resolution of non-tariff barriers (NTBs) that create market access and foster international trade growth.
  - Diversification of export markets, particularly in Africa and the East African Community (EAC), leading to increased exports and reduced reliance on traditional markets.
  - Development of the Kenya Trade Portal, promoting transparency, and ease of doing business in the country.

**Failures and challenges include:**

- Insufficient funds for critical programs, which hinder the implementation of sustainability initiatives.
  - Delays in the operationalization of key projects, such as the Warehouse Receipt System, due to budget cuts.
  - Underachievement in the number of Small and Medium Enterprises trained on exporting, primarily due to budgetary constraints.
5. **Sustainability Strategy:** To strengthen the State Department for Trade's sustainability profile and align with the Government's priority value chains and the Bottom-Up Economic Transformation Agenda, the following measures is adopted:
- Develop a comprehensive sustainable trade policy framework that encompasses environmental, social, and economic dimensions.
  - Establish a Sustainable Trade Promotion Unit to drive sustainable trade practices, support green value chains, and facilitate sustainable market access.
  - Collaborate with relevant stakeholders, including the private sector and civil society, to develop and implement sustainability initiatives.
  - Prioritize investments in modernized laboratories and infrastructure to promote sustainable standards and compliance in trade activities.
  - Encourage research and innovation in sustainable trade practices and technologies, fostering green economic growth.
  - Promote the adoption of renewable energy sources and eco-friendly technologies in trade and enterprise activities.
  - Enhance capacity building and training programs for stakeholders to ensure sustainable trade practices are understood and implemented.

By adopting a comprehensive sustainability strategy and profile, the State Department for Trade will contribute to Kenya's sustainable development goals, the Bottom-Up Economic Transformation Agenda, and the growth of priority value chains in a socially and environmentally responsible manner.

**b) Environmental performance /climate change/ mitigation of natural disasters**

The State Department for Trade recognizes the critical role it plays in promoting sustainable trade practices that align with environmental conservation and climate change mitigation. The State Department has been actively working towards achieving the Sustainable Development Goals (SDGs) and adhering to various presidential directives and policies aimed at greening the economy, conserving biodiversity, and reducing environmental impact.

1. **SDGs Alignment and Greening Initiatives:** The State Department for Trade actively supports SDGs related to environmental sustainability, climate action, and biodiversity conservation. It has embraced the Presidential Greening Directive, which aims to achieve a 15 billion tree cover initiative. Additionally, in line with the directive of planting 30 trees annually per civil servant,

the State Department encourages its staff to participate in tree planting initiatives to enhance the country's green cover.

2. **Environmental Policy and Evidence:** The State Department for Trade has a robust Environmental Policy that guides its operations, programs, and projects. The policy emphasizes the integration of environmental considerations into trade policies and practices. Evidence of the policy's implementation is seen through various initiatives and partnerships aimed at promoting sustainable trade, reducing carbon footprint, and conserving natural resources.
3. **Successes:**
  - Implementation of the Presidential Greening Directive has led to the planting of millions of trees, contributing to the country's tree cover and carbon sequestration efforts.
  - The State Department's commitment to greening the economy has resulted in increased awareness among stakeholders about sustainable trade practices and the importance of environmental conservation.
  - Efforts to integrate climate-smart technologies and renewable energy sources into the trade sector have reduced the environmental impact of trade-related activities.
4. **Shortcomings:**
  - While progress has been made in tree planting initiatives, achieving the 15 billion tree cover initiative remains a challenge due to resource constraints and competing priorities.
  - The impact of climate change on trade, such as disruptions in supply chains due to extreme weather events, remains a concern that requires further mitigation strategies.
5. **Biodiversity Management:** The State Department for Trade collaborates with relevant stakeholders to manage biodiversity in trade activities. It promotes sustainable sourcing of raw materials, especially those derived from natural resources, to minimize the impact on ecosystems.
6. **Waste Management Policy:** The State Department has put in place waste management policies to minimize waste generation in its operations. It encourages recycling and proper waste disposal practices to reduce its environmental footprint.
7. **Reducing Environmental Impact of Trade Sector Products:** The State Department for Trade works with industries to encourage sustainable production practices and eco-friendly product development. It supports green labeling and certification schemes to identify environmentally friendly products for consumers.

The State Department for Trade is committed to enhancing its environmental performance and climate change mitigation efforts. By aligning with SDGs, adhering to presidential directives, implementing environmental policies, and promoting sustainable trade practices, the State Department aims to contribute to the country's environmental conservation agenda while fostering economic growth in the trade sector. However, continuous efforts are required to address challenges and improve the overall environmental impact of trade-related activities.

c) **Employee welfare**

**Policies Guiding the Hiring Process:**

The State Department for Trade in Kenya promotes transparency, fairness, and equal opportunities in its hiring policies. It considers gender diversity and avoids discrimination.

Stakeholder engagements identify required skills and qualifications. Policies are periodically reviewed for alignment with best practices.

**Efforts in Improving Skills and Managing Careers:**

The State Department invests in continuous professional development for employees. Training, workshops, and capacity-building enhance career growth and job effectiveness. Performance appraisals facilitate personalized career development plans.

**Appraisal and Reward Systems:**

The State Department recognizes and appreciates employee contributions through appraisal and reward systems. Regular evaluations provide feedback, leading to promotions and bonuses as motivation and recognition.

**Policy on Safety and Compliance with OSHA:**

The State Department prioritizes employee safety, complying with the Occupational Safety and Health Act of 2007. Safety protocols, hazard training, and proactive measures prevent accidents, ensuring high standards.

**d) Operational practices/ Market place practices**

The State Department prioritizes transparency, efficiency, and accountability in its market dealings. It adheres to regulations, promotes fair competition, and maintains ethical conduct in trade activities. It upholds integrity, fosters sustainable trade, and creates a conducive business environment for stakeholders.

**Supplier Responsibility and Contract Honoring:**

The State Department treats suppliers responsibly, honoring agreements and timely payments. Strong partnerships ensure an uninterrupted supply chain for trade activities, establishing trust and a stable business ecosystem.

**Impact of Insufficient Budgetary Allocations and Posterity Measures:**

Limited funding poses challenges for operational practices and marketplace engagements. Delays in critical projects affect trade support and economic development. Budget constraints strain supplier relationships, impacting the supply chain and procurement. Insufficient funding hinders long-term planning, adaptation to market dynamics, and capacity-building initiatives, affecting trade sector competitiveness.

To overcome challenges, the State Department needs adequate budgets and sustainable posterity measures, ensuring smooth operations, timely supplier payments, and effective trade sector growth and development.

**e) Community Engagements**

In FY2022-2023, the State Department for Trade planned various CSR engagements to positively impact society through the trade sector.

Initiatives included:

Youth Empowerment: Supporting skill training and entrepreneurship for the youth, fostering economic opportunities.

SME Support: Capacity-building for SMEs, contributing to economic growth and job creation.  
Environmental Sustainability: Promoting green trade practices for eco-friendly impact. Women  
Empowerment: Encouraging women's participation in trade, promoting gender equality.  
Trade Capacity Building: Workshops and training programs enhancing trade-related skills and  
competitiveness.

It's critical noting that these initiatives did not materialize due to financial constraints caused by  
presidential posterity measures.



**9. Statement of Management Responsibilities**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time

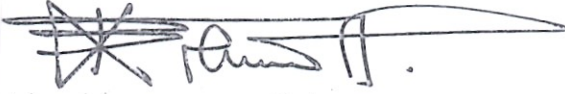
The Accounting Officer in charge of the State Department for Trade is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances

The Accounting Officer in charge of the State Department for Trade accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the State Department's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Accounting Officer in charge of the State Department for Trade further confirms the completeness of the accounting records maintained for the State Department, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control

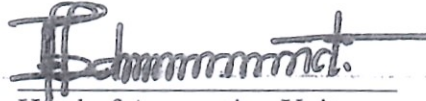
The Accounting Officer in charge of the State Department for Trade confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The State Department for Trade's financial statements were approved and signed by the Accounting Officer on 27. 09. 2023.



Principal Secretary  
Mr. Alfred Ombudo K'Ombudo



Head of Accounting Unit  
CPA Tom Mbuya Odundo  
ICPAK Member Number: 5430

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR TRADE FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

I draw your attention to the contents of my report, which is in three parts:

- A. Report on the Financial Statements, which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws, and regulations, which have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of State Department for Trade set out on pages 1 to 24, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows, statement of comparison of budget and actual amounts for the year then

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*Report of the Auditor-General on State Department for Trade for the year ended 30 June, 2023*

ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the State Department for Trade as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Trade Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters which, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison budget and actual amounts combined reflects final receipts budget and actual on comparable basis of Kshs.4,217,801,817 and Kshs.3,743,252,118 respectively resulting in an underfunding of Kshs.474,549,699 or 11% of the budget. Similarly, the State Department spent Kshs.3,722,021,599 against the approved budget of Kshs.4,217,801,817 resulting to under absorption of Kshs.495,780,220 or 12% of the budget. Management explained that the underperformance was occasioned by non-release of donor funds under Kenya Youth Employment Opportunities Project.

The underfunding and under expenditure may have negatively impacted on service delivery to the public.

#### **2. Unresolved Prior Year Matters**

##### **2.1 Loss of Motor Vehicles**

Annex 3 to the financial statements reflects summary of fixed assets register balance of Kshs.373,754,651 which includes historical cost for transport equipment amounting Kshs.16,301,895. As previously reported, included in the balance are two (2) vehicles, of unknown value, that were reported stolen at Thika Police Station and Kabete Police

Station on 27 August, 2007 and 9 February, 2013, respectively. Although the Management indicated that the issues are still under investigations and awaiting conclusion and recommendations of the investigating agency, the matter has taken too long to conclude.

In the circumstances, the accuracy of the non-current assets could not be confirmed.

## **2.2 Land Without Ownership Documents**

As previously reported, information available indicates that the State Department owns a Complex located in South C, Nairobi. The complex is built on a parcel of land measuring approximately seven (7) acres of unknown value whose title ownership documents were not provided for audit.

In the circumstances, the ownership of the parcel of land could not be confirmed.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Pending Accounts Payable**

Note 16.1 to the financial statements reflects pending accounts payable balance of Kshs.30,105,866 that were not settled during the year under review but were instead carried forward to the 2023/2024 financial year.

No plausible explanation was provided for non-payment of the pending bills before the end of the financial year. This is contrary to Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that debt service payments shall be a first charge in the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations. Failure to settle bills during the year in which they relate to adversely affects the budgetary provisions for the subsequent year to which they have to be charged.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements, plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the State Department's ability to sustain its services, disclosing, as applicable, matters related to sustainability of its services and using the applicable basis of accounting unless Management is aware of the intention to terminate the State Department or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the State Department's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls, which might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts which would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions, which may cast significant doubt on the State Department's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters which may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gatirungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**13 December, 2023**



11. Statement of Receipts and Payments for the Year ended 30<sup>th</sup> June 2023

	Note	JUNE 2023	JUNE 2022/2021/2022
		Ksh.	Ksh.
<b>Receipts</b>			
Exchequer Releases	1	3,113,656,812	4,872,316,686
Other Receipts	2	629,595,306	46,574,932
<b>Total Receipts</b>		<b>3,743,252,118</b>	<b>4,918,891,618</b>
<b>Payments</b>			
Compensation Of Employees	3	608,118,136	541,969,427
Use Of Goods and Services	4	391,189,664	460,700,231
Transfers To Other Government Entities	5	2,679,693,513	3,765,817,527
Other Grants and Transfers	6	27,012,748	15,067,256
Social Security Benefits	7	13,947,477	1,393,246
Acquisition Of Assets	8	2,060,061	95,650,832
<b>Total Payments</b>		<b>3,722,021,599</b>	<b>4,880,598,519</b>
<b>Surplus</b>		<b>21,230,519</b>	<b>38,293,099</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27.09.2023 and signed by:



Principal Secretary  
Mr. Alfred Ombudo K'Ombudo



Head of Accounting Unit  
CPA Tom Mbuya Odundo  
ICPAK Member Number: 5430

12. Statement Of Financial Assets and Financial Liabilities as At 30<sup>th</sup> June 2023

	Note	Period as at June 2023	Prior Year Audited*
		Ksh.	2021-2022
			Ksh.
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents-</b>			
Bank Balances	9A	23,231,738	28,418,483
Cash Balances	9B	39,563	614,389
<b>Total Cash and cash equivalent</b>		<b>23,271,301</b>	<b>29,032,872</b>
Accounts Receivables	10	88,834,588	67,180,647
<b>TOTAL FINANCIAL ASSETS</b>		<b>112,105,890</b>	<b>96,213,519</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	11	-23,080,334	-25,019,846
<b>NET FINANCIAL ASSETS</b>		<b>89,025,555</b>	<b>71,193,673</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	12	71,193,673	32,903,063
Prior period adjustment	13	-3,398,637	-2,489
<b>Surplus for the period</b>		<b>21,230,519</b>	<b>38,293,099</b>
<b>NET FINANCIAL POSITION</b>		<b>89,025,555</b>	<b>71,193,673</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27.09.2023 and signed by:



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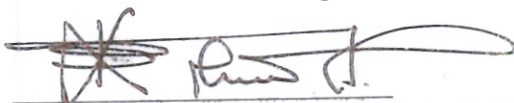


Head of Accounting Unit  
CPA Tom Mbuya Oundo  
ICPAK Member Number: 5430

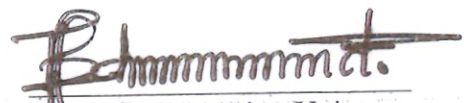
13. Statement of Cash Flows For The Year Ended 30<sup>th</sup> June 2023

		Period ended 30 <sup>th</sup> June	Prior Period Audited*
		2023	2021-2022
		Ksh.	Ksh.
<b>Receipts for operating income</b>			
<b>Receipts for Operating Income</b>			
Exchequer releases	1	3,113,656,812	4,872,316,686
Other receipts	2	629,595,306	46,574,932
		<b>3,743,252,118</b>	<b>4,918,891,618</b>
<b>Payments For Operating Expenses</b>			
Compensation of employees	3	608,118,136	541,969,427
Use of goods and services	4	391,189,664	460,700,231
Transfers to other government units	5	2,679,693,513	3,765,817,527
Other grants and transfers	6	27,012,748	15,067,256
Social security benefits	7	13,947,477	1,393,246
		<b>3,719,961,538</b>	<b>4,880,598,519</b>
<b>Adjusted For:</b>			
Prior year adjustments	13	-3,398,637	-2,489
Change in Receivables (Increase)	14	-21,653,941	-35,737,037
Change in payables (Decrease)	15	-1,939,512	-1,878,034
<b>Net Cash Flow from Operating Activities</b>		<b>-3,701,510</b>	<b>96,326,371</b>
<b>Cash flow From Investing Activities</b>			
Acquisition of assets	8	-2,060,061	-95,650,832
<b>Net Cash Flows from Investing Activities</b>		<b>-2,060,061</b>	<b>-95,650,832</b>
Net decrease in cash and cash equivalent		-5,761,571	675,540
<b>Cash &amp; Cash Equivalent at Start of The Year</b>		<b>29,032,872</b>	<b>28,357,332</b>
<b>Cash &amp; Cash Equivalent at End of The Year</b>		<b>23,271,301</b>	<b>29,032,872</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on...27.09.2023 and signed by:



Principal Secretary  
Mr. Alfred Ombudo K'Ömbudo



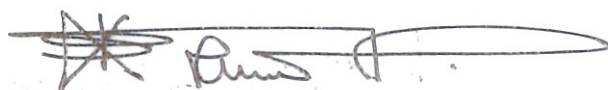
Head of Accounting Unit  
CPA Tom Mbuya Odundo  
ICPAK Member Number: 5430

## 14. Statement of Comparison of Budget and Actual Amounts for FY2022/2023

	Original Budget	Reallocation /Transfer	Adjustments	Final Budget	Actual	Budget utilization difference	% of Utilization
	a	b	c	d=a+b+c	e	f=d-a	g=e/d%
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	%
<b>RECEIPTS</b>							
Exchequer releases	3,959,190,000	0	-374,588,183	3,584,601,817	3,113,656,812	470,945,005	87
Other Receipts	42,000,000	0	591,200,000	633,200,000	629,595,306	3,604,694	99
<b>TOTAL RECEIPTS</b>	<b>4,001,190,000</b>	<b>0</b>	<b>216,611,817</b>	<b>4,217,801,817</b>	<b>3,743,252,118</b>	<b>474,549,699</b>	<b>89</b>
<b>PAYMENTS</b>							
Compensation of Employees	618,980,000	0	-3,800,000	615,180,000	608,118,136	7,061,864	99
Use of goods and services	447,193,095	0	-44,794,913	402,398,182	391,189,664	11,208,518	97
Transfers to Other Government Units	2,812,100,000	0	342,124,908	3,154,224,908	2,679,693,513	474,531,395	85
Other Grants and Transfers	29,300,000	0		29,300,000	27,012,748	2,287,252	92
Social Security Benefit	13,947,477	0		13,947,477	13,947,477	0	100
Acquisition of Assets	79,669,428	0	-76,918,178	2,751,250	2,060,061	691,189	75
<b>TOTAL PAYMENTS</b>	<b>4,001,190,000</b>	<b>0</b>	<b>216,611,817</b>	<b>4,217,801,817</b>	<b>3,722,021,599</b>	<b>495,780,220</b>	<b>88</b>
<b>Surplus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,230,519</b>	<b>-21,230,519</b>	

- (a) The underutilization of 13% is non-release of donor funds for KYOEP project totalling Ksh.470,539,000.00
- (b) The underutilization under Transfers to Other Government Units of 15% was largely due to non-release of donor funds for KYOEP project.
- (c) The underutilization in Acquisition of Assets was due to insufficient funds to procure the required assets.
- (d) The changes between the original and final budget are as a result of budget cuts across various expenditure items following budget realignments under the new administration.

The entity financial statements were approved on 27.09. 2023 and signed by:



Principal Secretary  
Mr. Alfred Ombudo K'Ombudo



Head of Accounting Unit  
CPA Tom Mbuya Odundo  
ICPAK Member Number: 5430

## 14 (a) Statement of Comparison of Budget and Actual Amounts: Recurrent for FY2022/2023

	Original Budget	Reallocation /Transfer	Adjustments	Final Budget	Actual	Budget utilization difference	% of Utilization
	a	b	c	d=a+b+c	e	f=d-e	g=e/d%
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	
<b>RECEIPTS</b>							
Exchequer releases	2,472,590,000	0	-153,038,183	2,319,551,817	2,319,245,812	306,005	100
Other Receipts	42,000,000	0	591,200,000	633,200,000	629,595,306	3,604,694	99
<b>TOTAL RECEIPTS</b>	<b>2,514,590,000</b>	<b>0</b>	<b>438,161,817</b>	<b>2,952,751,817</b>	<b>2,948,841,118</b>	<b>3,910,699</b>	<b>100</b>
<b>PAYMENTS</b>							
Compensation of Employees	618,980,000	0	-3,800,000	615,180,000	608,118,136	7,061,864	99
Use of goods and services	400,693,095	0	-14,794,913	385,898,182	374,699,464	11,198,718	97
Transfers to Other Government Units	1,442,000,000	0	463,674,908	1,905,674,908	1,901,682,513	3,992,395	100
Other Grants and Transfers	29,300,000	0	0	29,300,000	27,012,748	2,287,252	92
Social Security Benefit	13,947,477	0	0	13,947,477	13,947,477	0	100
Acquisition of Assets	9,669,428	0	-6,918,178	2,751,250	2,060,061	691,189	75
<b>TOTAL PAYMENTS</b>	<b>2,514,590,000</b>	<b>0</b>	<b>438,161,817</b>	<b>2,952,751,817</b>	<b>2,927,520,399</b>	<b>25,231,418</b>	<b>99</b>
<b>Surplus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,320,719</b>	<b>21,320,719</b>	

- (a) The underutilization in Acquisition of Assets was due to insufficient funds to procure the required assets
- (b) The changes between the original and final budget are as a result of budget cuts across various expenditure items following budget realignments under the new administration.

The entity financial statements were approved on 27.09. 2023 and signed by:



Principal Secretary  
Mr. Alfred Ombudo K'Ombudo

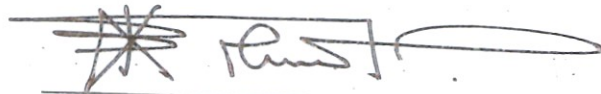


Head of Accounting Unit  
CPA Tom Mbuya Odundo  
ICPAK Member Number: 5430

14 (b) Statement of Comparison of Budget and Actual Amounts: Development for FY2022/2023

	Original Budget	Reallocation/ Transfer	Adjustments	Final Budget	Actual	Budget utilization difference	% of Utilization
	a	b	c	d=a+b+c	e	f=d-e	g=e/d%
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	
<b>RECEIPTS</b>							
Exchequer releases	1,486,600,000		-221,550,000	1,265,050,000	794,411,000	470,639,000	63
<b>TOTAL RECEIPTS</b>	<b>1,486,600,000</b>	<b>0</b>	<b>-221,550,000</b>	<b>1,265,050,000</b>	<b>794,411,000</b>	<b>470,639,000</b>	<b>63</b>
<b>PAYMENTS</b>							
Use of goods and services	46,500,000		-30,000,000	16,500,000	16,490,200	9,800	100
Transfers to Other Government Units	1,370,100,000		-121,550,000	1,248,550,000	778,011,000	470,539,000	62
Acquisition of Assets	70,000,000		-70,000,000	0	-	0	
<b>TOTAL PAYMENTS</b>	<b>1,486,600,000</b>	<b>0</b>	<b>-221,550,000</b>	<b>1,265,050,000</b>	<b>794,501,200</b>	<b>470,548,800</b>	<b>63</b>
<b>Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-90,200</b>	<b>90,200</b>	

- (a) The underutilization of 37% is non-release of donor funds for KYOEP project totaling Ksh.470,539,000.00
- (b) The underutilization under Transfers to Other Government Units of 38% was largely due to non-release of donor funds for KYOEP project.



Principal Secretary  
Mr. Alfred Ombudo K'Ombudo



Head of Accounting Unit  
CPA Tom Mbuya Odundo  
ICPAK Member Number: 5430

## 14 (c) Budget Execution by Programmes and Sub Programmes for FY2022/2023

Programme/ Sub-programme	Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
		2023		2023	2023	
		Ksh.		Ksh.	Ksh.	Ksh.
307000000	Trade Development and promotion	0	-400		-400	400
307040000	Regional integration Economic Initiatives	0	-400	0	-400	400
309000000	Domestic Trade and Enterprise Development	1,999,000,830	349,672,479	2,348,673,309	1,865,502,380	483,170,929
309010000	Promotion of local content	73,759,209	-10,300,722	63,458,487	61,640,480	1,818,007
309020000	Development, Promotion and regulation of wholesale and retail Trade	69,851,243	617,373,232	68,724,475	685,038,170	686,305
309030000	Development, Promotion and regulation of Micro, small and Medium enterprises	1,855,390,378	-257,400,031	1,599,490,347	1,118,823,729	480,666,617
310000000	Fair Trade Practices and Compliance of Standards	598,466,913	-92,796,968	505,669,945	502,782,870	2,887,075
310010000	Enforcement of Intellectual Property and Trade Remedies Measures	445,800,000	-40,000,000	405,800,000	405,799,999	1
310020000	Enforcement of Legal Metrology	116,466,913	-48,730,956	67,735,957	65,697,162	2,038,795
310030000	Consumer Protection	36,200,000	-4,066,012	32,133,988	31,285,709	848,279
311000000	International Trade Development and Promotion	1,029,582,232.00	-63,378,911	966,203,321	955,470,881	10,732,439
311010000	Market Diversification and Access	462,982,232	-50,078,911	412,903,321	407,214,514	5,688,807
311020000	Export Trade Development and Nation Branding	566,600,000	-13,300,000	553,300,000	548,256,367	5,043,632
312000000	General Administration Planning and Support Services	374,1410,025	23,115,217	397,255,242	398,265,867	-1,010,625
312010000		374,140,025	23,115,217	397,255,242	398,265,867	-1,010,625
<b>Total</b>		<b>4,001,190,000</b>	<b>216,611,817</b>	<b>4,217,801,817</b>	<b>3,722,021,599</b>	<b>495,780,218</b>

## **15. Notes to the Financial Statements**

### **1. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### **2. Reporting Entity**

The financial statements are for the State Department for Trade. The financial statements encompass the reporting entity as specified under Section 81 of the PFM Act 2012. There was no project under the State Department during the Financial period 2022/2023.

### **3. Reporting Currency**

The financial statements are presented in Kenya Shillings (Ksh), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

#### **Significant Accounting Policies**

The accounting policies set out in this section have been consistently applied by State Department For Trade for all the years presented.

#### **a) Recognition of Receipts**

The Entity recognises all receipts from the various sources when the event occurs, and the related cash has been received.

#### **(i) Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.



**(ii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment. During the year ended 30<sup>th</sup> June 2023, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**(iii) miscellaneous receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

**b) Recognition of payments**

The Entity recognises all payments when the event occurs, and the related cash has been paid out by the Entity.

**i) Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

**iii) Interest on Borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are paid for.

**iv) Principal on borrowing**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

**v) Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained and a summary provided for purposes of consolidation. This summary is disclosed as an annexure xx to the financial statements.

**vi) In-kind contributions**

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts, otherwise, the contribution is not recorded.

**vii) Third Party Payments**

Included in the receipts and payments, are payments made on the entity's behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings or grants.

**c) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. A bank account register is maintained, and a summary provided for purposes of consolidation. This summary is disclosed as Note 9 to the financial statements.

**Restriction on Cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits and retentions. As at 30<sup>th</sup> June 2023, this amounted to Ksh.23,080,334.00 compared to Ksh.25,019,846.00 in prior period as indicated on Note 11. There were no other restrictions on cash during the year.

**d) Imprests and advances**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or Authority to Incur Expenditure (AIE) holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**e) Third party deposits and retention**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted for National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

**f) Pending Bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

**g) Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in June 2021 for the period 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023 as required by Law and there were 2 number of supplementary adjustments to the original budget during the year. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements. Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

**h) Comparative Figures**

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**i) Subsequent Events**

There have been no events after the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2023.

**j) Prior Period Adjustment**

During the year, errors that have been corrected are disclosed under Note 13 explaining the nature and amounts.

**k) Related Party Transactions**

Related party means parties are related if one party has the ability to

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

**1) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Notes to the Financial Statements

1 Exchequer releases

Description	Period ended June 2023	Comparative period 2021/2022
	Ksh.	Ksh.
Total Exchequer Releases for quarter 1	337,914,482	623,060,819
Total Exchequer Releases for quarter 2	1,639,161,616	1,399,476,675
Total Exchequer Releases for quarter 3	217,248,715	523,523,242
Total Exchequer Releases for quarter 4	919,331,999	2,326,255,950
<b>Total</b>	<b>3,113,656,812</b>	<b>4,872,316,686</b>

2 OTHER RECEIPTS

Description	Period ended 30th June 2023	Comparative period 2021/2022
	Ksh.	Ksh.
Rents on land, houses and buildings	125,100	7,476,432
Administrative Fees and Charges	581,700,000	-
Administrative Fees and Charges - Collected as AIA	47,770,206	39,098,500
<b>Total</b>	<b>629,595,306</b>	<b>46,574,932</b>

3 COMPENSATION OF EMPLOYEES

	Period ended June 2023	Comparative period 2021/2022
	Ksh.	Ksh.
Basic salaries of permanent employees	272,601,710	281,857,226
Personal allowances paid as part of salary	335,516,426	260,112,201
<b>Total</b>	<b>608,118,136</b>	<b>541,969,427</b>

4 USE OF GOODS AND SERVICES

	Period ended June 2023	Comparative period 2021/2022
	Ksh.	Ksh.
Utilities, supplies and services	12,867,709	12,767,252
Communication, supplies and services	2,808,733	6,280,869
Domestic travel and subsistence	35,578,684	89,065,592
Foreign travel and subsistence	16,705,163	33,846,740
Printing, advertising and information supplies & services	828,126	2,872,968
Rentals of produced assets	223,279,764	143,361,513
Training expenses	4,745,201	3,700,050
Hospitality supplies and services	20,484,713	42,528,752
Insurance costs	5,241,562	2,118,400
Specialized materials and services	3,648,564	3,886,900
Office and general supplies and services	5,263,222	8,535,618
Fuel Oil and Lubricants	4,895,969	7,956,759
Other operating expenses	48,112,678	93,917,162
Routine maintenance – vehicles and other transport equipment	1,737,902	5,108,010
Routine maintenance – other assets	2,023,968	4,318,246
Exchange Rate Losses	2,967,706	435,400
<b>Total</b>	<b>391,189,664</b>	<b>460,700,231</b>

5 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	Period ended 30 <sup>th</sup> June 2023 Ksh.	Comparative period 2021/2022 Ksh.
<b>Transfers to National Government entities</b>		
Current grants to government agencies and other level of government	1,901,682,513	1,501,317,527
Capital grants to government agencies and other level of government	778,011,000	2,264,500,000
<b>TOTAL</b>	<b>2,679,693,513</b>	<b>3,765,817,527</b>

The above transfers were made to the following self-reporting entities in the period:

Description	Recurrent	Development	2022-2023	2021-2022
	Ksh.		Total	Ksh.
<b>Transfers to SAGAs</b>				
Anti-Counterfeit Agency (Self Reporting)	349,999,999	0	349,999,999	340,500,000
Kenya Trade Remedies Agency (Self Reporting)	35,800,000	0	35,800,000	35,800,000
Kenya Consumer Protection Advisory Committee (Under HQs)	31,285,710	0	31,285,710	58,942,131
Kenya Export Promotion and Branding Agency (Self Reporting)	521,599,999	0	521,599,999	689,100,000
Micro Small Enterprise Authority (Self Reporting)	293,175,000	749,561,000	1,042,736,000	2,000,000,000
Kenya Commodities Exchange	0	0	0	264,500,000
Warehouse Receipt System Council	4,750,000	0	4,750,000	0
Kenya National Trading Council	51,515,920	28,450,000	79,965,920	0
Export Promotion and Branding Agency	0	0	0	376,975,396
Appropriation in Aid (Received and utilized at source)	613,555,885	0	613,555,885	0
<b>TOTAL</b>	<b>1,901,682,513</b>	<b>778,011,000</b>	<b>2,679,693,513</b>	<b>3,765,817,527</b>



6 Other Grants and Transfers

Explanation	30 <sup>th</sup> June 2023	2021-2022
	Ksh.	Ksh.
Scholarships and other educational benefits	27,012,748	15,067,256
<b>Total</b>	<b>27,012,748</b>	<b>15,067,256</b>

7 SOCIAL SECURITY BENEFITS

Explanation	Period ended 30 <sup>th</sup> June 2023	Comparative period
	Ksh.	Ksh.
Government pension and retirement benefits	13,947,477	1,393,246
<b>Total</b>	<b>13,947,477</b>	<b>1,393,246</b>

8 ACQUISITION OF ASSETS

Non-Financial Assets	Period ended 30 <sup>th</sup> June 2023	Comparative period 2021-2022
	Ksh.	Ksh.
Refurbishment of Buildings	0	400,000
Construction and Civil Works	0	61,049,374
Purchase of Household Furniture and Institutional Equipment	149,500	447,761
Purchase of Office Furniture and General Equipment	0	10,542,607
Purchase of Specialized Plant, Equipment and Machinery	1,910,561	23,211,090
<b>Total</b>	<b>2,060,061</b>	<b>95,650,832</b>

9A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency )	Period ended June 30 <sup>th</sup> 2023 Ksh.	Prior Year audited 2021-2022 Ksh.
Central Bank of Kenya, 1000303085. Ksh.	Ksh.	Recurrent	-	62,804	405,970
Central Bank of Kenya, 1000303093. Ksh.	Ksh.	Development	-	88,600	2,992,667
Central Bank of Kenya, 1000303107. Ksh.	Ksh.	Deposit	-	23,080,334	25,019,846
<b>Total</b>				<b>23,231,738</b>	<b>28,418,483</b>

9B: CASH IN HAND

	Period ended 30 <sup>th</sup> June 2023 Ksh.	Prior Year audited Ksh.
Cash in Hand – Held in domestic currency	39,563	614,388
<b>Total</b>	<b>39,563</b>	<b>614,388</b>

Cash in hand should also be analysed as follows:

	Period ended 30 <sup>th</sup> June 2023 Ksh.	Prior Year audited Ksh.
Headquarters Cash Office (Teleposta)	39,563	614,388
<b>Total</b>	<b>39,563</b>	<b>614,388</b>

10. ACCOUNTS RECEIVABLE

Description	Period ended 30 <sup>th</sup> June 2023	Prior Year audited
	Ksh.	Ksh.
Salary Advances	98,920	0
Suspense and Clearance accounts	88,735,668	67,180,647
<b>Total</b>	<b>88,834,588</b>	<b>67,180,647</b>

Name of Officer or Institution	Date Advance Taken	Amount Taken	Amount Recovered	Balance
		Ksh.	Ksh.	Ksh.
Miss Otieno Sharon Achieng	12/06/2023	65,140	0	65,140
Mr. Kemboi Josphat Kiprotich	12/06/2023	33,780	0	33,780
<b>Total</b>		<b>98,920</b>	<b>0</b>	<b>98,920</b>

Advances Aging analysis.

	2022/2023	% of the total	2021/2022	% of the total
Under one year	98,920	100%	0	0
<b>Total</b>	<b>98,920</b>		<b>0</b>	

11. ACCOUNTS PAYABLE

Description	Period ended June 2022-2023	Prior Year audited 2021/2022
	Ksh.	Ksh.
Deposits (RIIP)	781,270	2,720,782
Retention	22,299,064	22,299,064
<b>Total</b>	<b>23,080,334</b>	<b>25,019,846</b>

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Description	2022/2023		2021/2022	
	Kshs		Kshs	
Retention	22,299,064		22,299,065	
Deposits	781,270		2,720,780	
<b>Total</b>	<b>23,080,334</b>		<b>25,019,845</b>	
<b>Ageing analysis:</b>	<b>2022/2023</b>	<b>% of the Total</b>	<b>2021/2022</b>	<b>% of the Total</b>
<b>Under 1 year (RIIP)</b>	<b>781,270</b>	<b>3</b>	<b>7,308,404</b>	<b>29</b>
1-2 years	1,135,007	5	253,310	1
2-3 years	3,452,617	15	9,750,231	39
Over 3 years	17,711,441	77	7,707,900	31
<b>Total</b>	<b>23,080,334</b>		<b>25,019,845</b>	

**12.FUND BALANCE BROUGHT FORWARD**

Description	Period ended June	Prior Year audited
	2023	2022-2023
	Ksh.	Ksh.
Bank accounts	28,418,483	26,900,368
Cash in hand	614,389	1,456,964
Accounts Receivables	67,180,647	31,443,610
Accounts Payables	(25,019,846)	(26,897,879)
<b>Total</b>	<b>71,193,673</b>	<b>32,903,063</b>

**13. PRIOR YEAR ADJUSTMENTS**

Description of the error	Balance b/f FY 2021/2022 as per audited financial statements Ksh.	Adjustments during the year relating to prior periods Ksh.	Adjusted Balance b/f current year Ksh.
Bank Account Balances	2,489	3,398,637	151,404
<b>Total</b>	<b>2,489</b>	<b>3,398,637</b>	<b>151,404</b>

*\*\*This relates to amounts recovered from recurrent and developments accounts of the State Department at Central Bank of Kenya to the exchequer accounts of The National Treasury after the closure of the financial year.*

**14. CHANGES IN ACCOUNTS RECEIVABLES**

Description of the error	Period ended	Prior Year audited
	2022-2023 Ksh.	2021-2022 Ksh.
Opening Receivables as at 1 <sup>st</sup> July 2022	67,180,647	31,443,610
Closing account receivables as at 30 <sup>th</sup> June 2023	88,834,588	67,180,647
Change in Receivables (Increase)	<b>-21,653,941</b>	<b>-35,737,037</b>

**15. CHANGES IN PAYABLES**

Description of the error	Period ended	Prior Year audited
	2022-2023	2021-2022
Accounts payable as at 1 <sup>st</sup> July 2022	25,019,846	26,897,879
Closing accounts payables as 30th June 2023	23,080,334	25,019,846
Change in payables (Decrease)	<b>-1,939,512</b>	<b>-1,878,034</b>

## 16. OTHER IMPORTANT DISCLOSURES

### 16.1: PENDING ACCOUNTS PAYABLE (See Annex 2)

Description	Balance b/f FY 2021/2022 Ksh.	Cumulative additions for the period Ksh.	Paid during the period Ksh.	Balance c/f for the period 2022-2023 Ksh.
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	10,627,615	-	-2,554,215	8,073,400
Supply of services	31,333,368	-	-9,300,902	22,032,466
<b>Total</b>	<b>41,960,983</b>	<b>-</b>	<b>-11,855,117</b>	<b>30,105,866</b>

**16.2 Progress on follow up of Prior Years Auditor-General's recommendations.**


The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Paragraph 1415.1	Loss of Motor Vehicles	The State department has subsequently followed up the matter by writing several letters to the office of the Inspector General of Police. Since this matter is still under investigation, the State Department is currently awaiting the conclusion and recommendation from the investigating agency.	Not Resolved	
Paragraph 1451.2	Lack of Ownership documents for parcel of Land in South C Nairobi	The State department has been in communication with the Chairmen National Land Commission vide a letter ref: No MOITED/SDT/1/27/134 dated 20 <sup>th</sup> June 2022 requesting for letter of allotment. On the 4 <sup>th</sup> of July 2022 the state Department made a follow up vide a letter Ref: MOITED/SDT&ED/FIN/3/11VOL.XIV/ (104) to the Principal Secretary Ministry of Lands inquiring about the registration status of the same. The latest communication concerning this issue was from the acting	Not Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Secretary/CEO National Lands Commission to the County Executive Committee Member-Lands, Nairobi County requesting the CEC to make a formal request to the Chairman National Land Commission on the matter and also requesting the State Department of Trade and Enterprise Development to avail themselves for a site inspection which was proposed to take place on the 18 <sup>th</sup> January 2023.		
Paragraph 1453	Lack of expenditure returns for Disbursement of Foreign Missions	The State Department is in consultation with the Ministry of Foreign Affairs for submission of payments made in foreign embassies, who have been instructed to return the unspent balances for onward transmission to The National Treasury.	Not Resolved	



Principal Secretary  
Mr. Alfred Ombudo K'Ombudo



Head of Accounting Unit  
CPA Tom Mbuya Odundo  
ICPAK Member Number: 5430



## Annex 1 – Breakdown of Receipts and Payments Per Quarter

INCOME	NOTE	Sep-22	Dec-22	Mar-23	Jun-23	CUMMALATIVE	COMPARATIVE
		Ksh.	Ksh.	Ksh.	Ksh.	2022-2023 FY	2021-2022 FY
Exchequer releases	1	337,914,482	1,639,161,616	217,248,715	919,331,999	3,113,656,812	4,872,316,685
Other receipts	2	2,463,793	2,253,020	4,613,460	623,409,148	629,595,306	46,574,932
<b>Total Revenue</b>		<b>340,378,275</b>	<b>1,641,414,636</b>	<b>221,862,175</b>	<b>1,542,741,147</b>	<b>3,743,252,118</b>	<b>4,918,891,617</b>
<b>PAYMENTS</b>							
Compensation of Employees	3	112,935,889	110,809,696	109,904,376	274,468,175	608,118,136	541,969,427
Use of goods and Services	4	46,038,140	61,110,631	50,038,028	234,002,865	391,189,664	488,968,310
Transfer to Other Government entities	5	312,323,277	411,559,509	962,725,353	996,229,489	2,682,837,628	3,765,817,527
Other Grants and Transfer	6	-	-	-	27,012,748	27,012,748	15,067,256
Social Security Benefits	7	-	5,308,536	1,374,507	7,264,434	13,947,477	1,393,246
Acquisition of Assets	8	-	313,993	200	1,745,868	2,060,061	67,382,752
<b>Total Payments</b>		<b>471,297,306</b>	<b>589,102,365</b>	<b>1,124,042,464</b>	<b>1,540,723,579</b>	<b>3,725,165,714</b>	<b>4,880,598,518</b>
<b>Surplus (Deficit)</b>		<b>-130,919,031</b>	<b>1,052,312,271</b>	<b>-902,180,289</b>	<b>46,569,044</b>	<b>21,230,519</b>	<b>38,293,099</b>

Annex 2 - Analysis of Pending Accounts Payable

SUPPLIER OF GOODS OR SERVICES	DATE INVOICED/ CONTRACTED	ORIGINAL AMOUNT	BALANCE AT THE BEGINNING OF THE YEAR	ADDITIONS DURING THE YEAR	AMOUNT PAID DURING THE YEAR	OUTSTANDING BALANCE	COMMENTS
			a	b	c	d=a+b-c	
<b>Supply Of Goods</b>			0	0	0		
Darop Limited	08-Nov-21	955,000	0	0	0	955,000	Insufficient Funds
Minders Touch Investments		110,000	0	0	0	110,000	Insufficient Funds
M/S Elicom Enterprises	23-Jun-22	1,285,500	0	0	0	1,285,500	Insufficient Funds
Rex Kiosk		14,160	0	0	0	14,160	Insufficient Funds
M/S Dysigners General Supplies		455,000	0	0	0	455,000	Insufficient Funds
Trackim General Supplies	29-Jun-22	244,700	0	0	0	244,700	Insufficient Funds
M/S Elmarks Enterprises	12 April 2022	1,062,250	0	0	0	1,062,250	Insufficient Funds
M/S Elmarks Enterprises	24-Jun-22	1,946,500	0	0	0	1,946,500	Insufficient Funds
Denpah Investment	24-Jun-22	351,900	0	0	0	351,900	Insufficient Funds
<b>Sub-Total</b>		<b>6,425,010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,425,010</b>	

<b>2022-2023</b>							
Colourcid Supplies		263250	0	0	0	263,250	Insufficient Funds
Malka Chana Enterprises	14-Apr-23	512,000	0	0	0	512,000	Insufficient Funds
Malka Chana Enterprises		427650	0	0	0	427,650	Insufficient Funds
Jerumwash		445,490	0	0	0	445,490	Insufficient Funds
Sub-Total 2022-2023		<b>1,648,390</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,648,390</b>	
<b>Total Supply of Goods</b>		<b>8,073,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,073,400</b>	
<b>Supply Of Services</b>							
<b>2020-2021</b>							
Empire Digital Limited	14 Feb-14 May 2019	1,956,502	0	0	0	1,956,502	Insufficient Funds
After 40 Hotel Ltd	24-Sep-19	84,000	0	0	0	84,000	Insufficient Funds
Attic Tours and Travel Ltd	08-Dec-21	110,600	0	0	0	110,600	Insufficient Funds
Vicensa Investment Limited	17-Jul-19	220,000	0	0	0	220,000	Insufficient Funds
Sub-Total-2020-2021		<b>2,371,102</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,371,102</b>	
<b>2021-2022</b>							
Burchs Resort Naivasha Limited	23-Aug-21	787,500	0	0	0	787,500	Insufficient Funds

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Tin Tin Catering Services		217,000	0	0	0	0	0	217,000	Insufficient Funds
Tin Tin Restaurant	28-Sep-21	200,000	0	0	0	0	0	200,000	Insufficient Funds
Tin Tin Restaurant		160,000	0	0	0	0	0	160,000	Insufficient Funds
Pago Airways Travel Services	23-Nov-21	145,420	0	0	0	0	0	145,420	Insufficient Funds
Masada Hotel	30-Nov-21	75,000	0	0	0	0	0	75,000	Insufficient Funds
Attic Tours and Travel Ltd	29-Nov-21	160,500	0	0	0	0	0	160,500	Insufficient Funds
Attic Tours and Travel Ltd	26-Nov-21	160,500	0	0	0	0	0	160,500	Insufficient Funds
Lake Naivasha Resort Limited	27-Nov-21	283,500	0	0	0	0	0	283,500	Insufficient Funds
Roselyn Amadi/Consultant/Legal Advisor	20-Oct-21	945,000	0	0	0	0	0	945,000	Insufficient Funds
Nairobi Serena Hotel	21-Dec-21	1,064,820	0	0	0	0	0	1,064,820	Insufficient Funds
Attic Tours and Travel Ltd	27-Jan-22	348,550	0	0	0	0	0	348,550	Insufficient Funds
Attic Tours and Travel Ltd	03-Jan-22	385,600	0	0	0	0	0	385,600	Insufficient Funds
Government Press	13-May-22	266,916	0	0	0	0	0	266,916	Insufficient Funds
Pago Airways Limited		35,850	0	0	0	0	0	35,850	Insufficient Funds
Lake Naivasha Simba Lodge		719,000	0	0	0	0	0	719,000	Insufficient Funds

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Lake Naivasha Resort		297,000	0	0	0	297,000	Insufficient Funds
Lake Naivasha Resort	06-Aug-21	189,000	0	0	0	189,000	Insufficient Funds
Pago Airways	27-Apr-22	243,400	0	0	0	243,400	Insufficient Funds
Pago Airways	26-May-22	33,275	0	0	0	33,275	Insufficient Funds
Government Advertising Agency/GAA	03-Aug-21	366,558	0	0	0	366,558	Insufficient Funds
Government Advertising Agency/GAA	24-Aug-22	401,163.60	0	0	0	401,164	Insufficient Funds
Government Advertising Agency/GAA	24-Aug-22	98,793	0	0	0	98,793	Insufficient Funds
Government Advertising Agency/GAA		205,046	0	0	0	205,046	Insufficient Funds
Government Advertising Agency/GAA	06-Sep-22	401,163.60	0	0	0	401,164	Insufficient Funds
Government Advertising Agency/GAA	23-Aug-22	205,045	0	0	0	205,045	Insufficient Funds
Government Advertising Agency/GAA	14-Oct-21	364,988	0	0	0	364,988	Insufficient Funds
Attic Tours and Travel Ltd	28-Oct-21	34,600	0	0	0	34,600	Insufficient Funds

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Nation Media Group PLC	27/05/2022	142,084	0	0	0	142,084	Insufficient Funds
Himleys Service	23/06/2022	194,500	0	0	0	194,500	Insufficient Funds
Akarim Agencies Company Limited	18/05/2021	58,400	0	0	0	58,400	Insufficient Funds
Libken Agencies Company Limited		62,640	0	0	0	62,640	Insufficient Funds
Pago Airways Limited		2,813,580	0	0	0	2,813,580	Insufficient Funds
Pago Airways Limited		35,850	0	0	0	35,850	Insufficient Funds
Pago Airways	08/03/22	350,555	0	0	0	350,555	Insufficient Funds
Lake Naivasha Simba Lodge		719,200	0	0	0	719,200	Insufficient Funds
<b>Sub-Total 2021-2022</b>		<b>13,171,997</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,171,997</b>	
<b>2022-2023</b>							
Akarim Agencies		31,800	0	0	0	31,800	Insufficient Funds
Libken Agencies Company Limited	03/10/2022	97,850	0	0	0	97,850	Insufficient Funds
Libken Agencies Company Limited	26/09/2022	397,065	0	0	0	397,065	Insufficient Funds
Libken Agencies Company Limited	03/10/2022	354,930	0	0	0	354,930	Insufficient Funds
Libken Agencies Company Limited	26-Sep-22	367,040	0	0	0	367,040	Insufficient Funds
Libken Agencies Company Limited		38,950	0	0	0	38,950	Insufficient Funds

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Libken Agencies Company Limited		1,048,300	0	0	0	1,048,300	Insufficient Funds
Libken Agencies Company Limited		60,550	0	0	0	60,550	Insufficient Funds
Libken Agencies Company Limited		58,950	0	0	0	58,950	Insufficient Funds
Pago Airways Limited	06/10/2022	332,280	0	0	0	332,280	Insufficient Funds
Government Advertising Agency/GAA		180,757	0	0	0	180,757	Insufficient Funds
Pago Airways		32,900	0	0	0	32,900	Insufficient Funds
Pago Airways		425,800	0	0	0	425,800	Insufficient Funds
Pago Airways		320,900	0	0	0	320,900	Insufficient Funds
Pago Airways		64,200	0	0	0	64,200	Insufficient Funds
Sarova Panafric Hotel		280,000	0	0	0	280,000	Insufficient Funds
Decasa Hotel Limited		91,500	0	0	0	91,500	Insufficient Funds
Decasa Hotel		126,000	0	0	0	126,000	Insufficient Funds
Decasa Hotel		144,000	0	0	0	144,000	Insufficient Funds
Decasa Hotel		30,000	0	0	0	30,000	Insufficient Funds
Decasa Hotel Limited		37,500	0	0	0	37,500	Insufficient Funds

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Decasa Hotel		42,000	0	0	0	42,000	Insufficient Funds
Decasa Hotel Limited		13,500	0	0	0	13,500	Insufficient Funds
Akarim Agencies Company Limited		128,360	0	0	0	128,360	Insufficient Funds
Akarim Agencies Company Limited		1,029,830	0	0	0	1,029,830	Insufficient Funds
Pride Inn Hotel/Enza Airport Hotel Limited	12/12/2022	140,000	0	0	0	140,000	Insufficient Funds
Villarosa Kempinski Hotel Limited		225,000	0	0	0	225,000	Insufficient Funds
Kaylan Tours And Travel		88,905	0	0	0	88,905	Insufficient Funds
African Touch Safaris Limited		58,900	0	0	0	58,900	Insufficient Funds
Decasa Hotel		24,000	0	0	0	24,000	Insufficient Funds
The Kyaka	27-Nov-21	217,600	0	0	0	217,600	Insufficient Funds
<b>Sub-Total 2022-2023</b>		<b>6,489,367</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,489,367</b>	
<b>Total Supply of Services</b>		<b>22,032,466</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,032,466</b>	
<b>Grand Total Goods and Services</b>		<b>30,105,866</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,105,866</b>	



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**Annex 3 – Summary of Fixed Asset Register**

Asset class	Historical Cost b/f (Ksh.)	Additions during the year (Ksh.)	Disposals during the year (Ksh.)	Historical Cost c/f (Ksh.)
Buildings and structures	336,534,382	-	-	336,534,382
Transport Equipment	16,301,895	-	-	16,301,895
Purchase of Household Furniture and General Equipment	100,000	149,500	-	249,500
Purchase of Specialized Plant, Equipment and Machinery	214,193	1,910,561	-	2,124,753
Office Equipment, Furniture and Fittings	18,544,121	-	-	18,544,121
<b>Total</b>	<b>371,694,591</b>	<b>2,060,061</b>	<b>-</b>	<b>373,754,651</b>

Annex 4 – List of SCs, Sagas and Public Funds Under State Department for Trade

Ref	SC, SAGA or Public Fund's name	Amount transferred during the year	Inter- entity reconciliations done?
1.	Anti-Counterfeit Agency	349,999,999	Yes
2.	Kenya Trade Remedies Agency	35,800,000	Yes
3.	Kenya Consumer Protection Advisory Committee	31,285,710	Yes
4.	Kenya Export Promotion and Branding Agency	521,599,999	Yes
5.	Micro Small Enterprise Authority	1,042,736,000	Yes
6.	Warehouse Receipt System Council	4,750,000	Yes
7.	Kenya National Trading Council	79,965,920	Yes

**Annex 5- Reports Generated from IFMIS**

- i. GOK IFMIS COMPARISON TRIAL BALANCE
- ii. FO30 (BANK RECONCILIATIONS) FOR ALL BANK ACCOUNTS
- iii. GOK IFMIS RECEIPTS AND PAYMENTS STATEMENT
- iv. GOK IFMIS STATEMENT OF FINANCIAL POSITION
- v. GOK IFMIS STATEMENT OF CASH FLOW
- vi. GOK IFMIS STATEMENT OF DEPOSIT
- vii. GOK IFMIS BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES  
- (COMBINED RECURRENT AND DEVELOPMENT)
- viii. GOK IFMIS BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES-  
(DEVELOPMENT)
- ix. GOK IFMIS BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES-  
(RECURRENT)